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Hearing Date and Time:
October 23, 2019 at 10:00 a.m.

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*Counsel to Whitebox Asymmetric Partners, LP and
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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:
SEARS HOLDINGS CORPORATION, *et al.*,
Debtors.¹

Chapter 11

Case No. 18-23538 (RDD)
(Jointly Administered)

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtors' federal tax identification number, are as follows: Sears Holdings Corporation (0798); Kmart Holding Corporation (3116); Kmart Operations LLC (6546); Sears Operations LLC (4331); Sears, Roebuck and Co. (0680); ServiceLive Inc. (6774); SHC Licensed Business LLC (3718); A&E LLC (0204); FBA Holdings Inc. (6537); Innovel Solutions, Inc. (7180); Kmart Corporation (9500); MaxServ, Inc. (7626); & Business Franchises, Inc. (6742); Sears Home Improvement Products, Inc. (8591); Sears Insurance Services, L.L.C. (7182); Sears Procurement Services, Inc. (2859); Sears Protection Company (1250); Sears Protection Company (PR) Inc. (4861); Sears Roebuck Acceptance Corp. (0535); Sears, Roebuck de Puerto Rico, Inc. (3626); SYW Relay LLC (1870); Wally Labs LLC (None); SHC Promotions LLC (9626); Big Beaver of Florida Development, LLC (None); California Builder Appliances, Inc. (6327); Florida Builder Appliances, Inc. (9133); KBL Holding Inc. (1295); KLC, Inc. (0839); Kmart of Michigan, Inc. (1696); Kmart of Washington LLC (8898); Kmart Stores of Illinois LLC (8897); Kmart Stores of Texas LLC (8915); MyGofer LLC (5531); Sears Brands Business Unit Corporation (4658); Sears Holdings Publishing Company, LLC (5554); Sears STI Merchandising, Inc. (0188); Troy Coolidge No. 13, LLC (None); BlueLight.com, Inc. (7034); Sears Brands, L.L.C. (4664); Sears Buying Services, Inc. (6533); Kmart.com LLC (9022); Sears Brands Management Corporation (5365); and SRe Holding Corporation (4816).

**RESPONSE OF WHITEBOX ASYMMETRIC PARTNERS, LP, AND WHITEBOX
MULTI-STRATEGY PARTNERS, LP TO DEBTORS’
FIRST OMNIBUS OBJECTION TO CLAIMS**

Whitebox Asymmetric Partners, LP and Whitebox Multi-Strategy Partners, LP (collectively, “Whitebox”) by and through their undersigned counsel, hereby submit this response (the “Response”) to the *Debtors’ First Omnibus Objection to Claims* (the “First Omnibus Objection”) [Dkt. No. 4775]. In furtherance of hereof, Whitebox states as follows:

BACKGROUND

1. Permasteel Intl. and Permasteel Inc. (collectively, “Permasteel”) timely filed proofs of claim against the Debtors (the “Permasteel Claims”) totaling \$414,572.40. *See* Claim Nos. 2873, 2875, 2883, 3035, 3337, 3365, 3490, 4446, 4449, 4477, 4486.

2. The Permasteel Claims were subsequently transferred to Whitebox. *See Evidence of Transfer of Claim Transfer Agreements* [Dkt. Nos. 1309-20]. No objection to the transfers were lodged.

3. Upon information and belief, each of the Permasteel Claims relate to goods received by the respective Debtor(s) within twenty (20) days of the petition date and/or post-petition and are thus afforded administrative expense priority pursuant to sections 503(b)(1) and/or 503(b)(9) of the Bankruptcy Code.

4. In the First Omnibus Objection, the Debtors ask the court to disallow all of the Permasteel Claims on the basis that each “...Claim was satisfied and/or released, as associated contract was assumed and assigned to Transform Holdco LLC.” *See* First Omnibus Objection at Ex. A, pp. 9-10, Ref. Nos. 132-142.

OBJECTION

5. Notwithstanding the Debtors' assertion in the First Omnibus Objection that the Permasteel contracts were assumed and assigned to the Buyer, Transform Holdco LLC ("Transform"), this does not appear to be the case.

6. Upon information and belief, the Permasteel contracts were rejected. *See Order Approving the Rejection of Certain Executory Contracts* [Dkt. No. 3886].

7. Below is a chart indicating the contracts and their current status:

Contract	Order Rejecting the Contract
CW2333907 – HS Parts Service Agreement – Permasteel Inc.	Dkt. No. 3886
License Agreement	Dkt. No. 3886

8. Upon information and belief, the goods delivered to the respective Debtors that form the basis for the Permasteel Claims were goods ordered pursuant to CW2333907. As noted above, CW2333907 was rejected.

9. Therefore, Transform did not satisfy the Permasteel Claims as asserted in the Objection, nor were they released.

RESERVATION OF RIGHTS

10. Whitebox reserves its rights to supplement or amend this Response and make any other objections and/or responses to further relief sought by the Debtors, including but not limited to, responses to additional omnibus objections that are or may be filed.

CONCLUSION

WHEREFORE, Whitebox respectfully requests the Court to enter an order denying the relief requested in the First Omnibus Objection as to the Whitebox Claims and allowing the Whitebox Claims as filed.

/s/ Paul J. Labov

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Case No. 18-23538 (RDD)
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CERTIFICATE OF SERVICE

I, Paul Labov, certify that I caused a copy of the *Response of Whitebox Asymmetric Partners, LP and Whitebox Multi-Strategy Partners, LP to Debtors' First Omnibus Objection to Claims* to be served upon the parties on August 27, 2019 (i) who receive electronic notifications by operation of the Court's electronic notification system; and (ii) to be served via U.S. mail on August 27, 2019 upon the parties listed below:

Chambers of the Honorable Robert D. Drain
United States Bankruptcy Court
Southern District of New York
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White Plains, NY 10601

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Philip C. Dublin, Esq., Ira Dizengoff, Esq., and Sara Lynne Brauner, Esq.
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Dated: New York, New York
August 27, 2019

/s/ Paul J. Labov

Paul J. Labov

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